ANNEXURE H.

OFFICIAL MEMORANDUM

No. FD 11 BPL 59, DATED BANGALORE, THE 30TH MAY 1959
(JYEISHTA 9, SAKA ERA 1881).

Subject :—**Inclusion of Plan Scheme in the Budget according to priorities.**

In the coures of certain discussion held recently about sanction to schemes included in the State Plan for 1959-60, it came to notice that there was no adequate understanding of the way in which the lumpsum provisions made in the Budget for works relating to Minor Irrigation Schemes should be allocated. The view was even expressed wrongly, that in order that sanction to any work may be proposed or even plans and estimates may be got ready, there should be provision included in the Budget for the work.

2. One of the fundamental rules of budgeting is that no work which has not received sanction or administrative approval of competent authority should be included in the Budget. Unfortunately, it has not been possible to observe this rule strictly; and it has happened that there are number of cases in which either lumpsum provisions are made for unspecified works or token or rough provisions are made for specified works which have not been sanctioned and for which even plans and estimates may not be ready. It is proposed that from the year 1960—61 at least, every attempt should be made to conform to the above mentioned rule, but that in doing so, due account should be taken of the practice that has gone on for a long period, and some relaxation for an year or two may be necessary. In this view, it is requested that the Heads of Departments, while making proposals in regard to inclusion in the Budget for 1960-61 should divide works into the following categories and assign priorities in the manner indicated while forwarding the proposals to the Finance Department sending a copy simultaneously to the Administrative Department (Public Works Department) :—

(*a*) In any given year, there will be a number of incomplete or spill-over works. These will be of two categories :—

(i) Those which have been started in the previous year or years and on which some money has already been spent;

(ii) Those which were proposed to be started during the previous year, but could not be started either because sanctions were not given in time or for some other reason.

With regard to works which have been started and on which some money has been spent, there can be no question that they should receive first priority in regard to making provision in the Budget. There should also be no difficulty in specifying them by name, and giving particulars as to the estimated cost, expenditure so far incurred, and the provision proposed for the year in question (which may either be the balance required or a portion of it, depending on whether it is proposed or possible to complete the work during the year or not). As regards works which were included specifically in the previous year's budget, and which have not been taken up, they would no doubt have the next priority, but if these works have not been sanctioned or plans and estimates have not been prepared, it would be open to the Head of the Department to review the necessity for including all or any of these works in the Budget of the year in question and unless any of these works are urgent, priority should be given to new works for which plans and estimates are ready as indicated in the following sub-paras :—

(*b*) The second priority in regard to inclusion of works in the budget should necessarily be in respect of all those for which plans and estimates are ready and have also been sanctioned. Among them, those for which acquisition proceedings are necessary and have to be initiated will have to come after those for which no such proceedings are necessary and in regard to which commencement of work is immediately possible. All these works also could be named specifically while sending up budget proposals and the exact amounts required could be stated. In this category would also come such works as have been included in the previous year's budget but have not yet been taken up, although sanctioned, either because sanction was not received in time or the Department was busy with other works.

(*c*) Works which have not been sanctioned, but which have been investigated completely, and for which plans and estimates are ready would receive the next priority for inclution in the budget. It should be possible to mention both the names of these works and the amounts of estimates involved as each of them would have been investigated completely.

(*d*) Works which have been investigated and for which plans and estimates are being prepared would receive the lowest priority, and those that have not even been investigated, no priority at all. It is contemplated that in future, no work which has not even been investigated and for which plans and estimates have not even been begun to be prepared should be included in the budget even against lumpsum provisions.

3. With regard to lumpsum provisions under "18. Other Revenue Expenditure financed from Ordinary Revenues" and "68. Construction of Irrigation, Navigation, Embankment and Drainage Works", in particular, it was found as a result of the discussions referred to above that there was not only no attempt at drawing a distinction between these heads, but also no indication of the incomplete works that have been taken up under the lumpsum provisions in previous year's budget and for which a part or whole of the current year's lumpsum provision stands committed. To take an example, against the lumpsum provision of Rs. 40 lakhs under "68A. Construction of Irrigation, Navigation, Embankment and Drainage Works" in the Budget for 1959-60 works to the extent of only about Rs. 3·5 lakhs have been specifically mentioned (Appendix 'E'). It was nevertheless understood that a number of works have been taken up and are still incomplete and expenditure on these has to be debited against this lumpsum provision. So far as the year 1959-60 is concerned and even for subsequent years, action should be taken to see that the incomplete works are adequately provided for against the lumpsum provisions, and that only such works as it is possible to take up against the balance remaining over(either out of those specified in the Budget or out of those unspecified but which may be ready to be taken up) are included and taken up against the balance available. The present practice, more or less universal, of seeing whether a work is included in the Budget before sanction to it or even preparation of estimates and plans therefor is thought of should cease and it should be ensured that whenever a request is made for taking up a work, necessary investigations are made and plans and estimates also prepared, so that whenever it is possible to provide for it in the Budget, its inclusion can be effected in accordance with such priorities as may be assigned to it by the Departments.

4. These instructions will also apply, *mutatis mutandis*, to other works like buildings, roads and all works for which lumpsum provisions are made. The Chief Engineer (General) and the Chief Engineer, Irrigation and Public Health, are particularly requested to see that in future in regard to the Road Works, as well as Minor Irrigation Works action is taken as indicated above in assigning priorities to works under lumpsum provisions. Where for the year 1959-60 no sanctions have been obtained in spite of inclusion in the Budget, action should be taken to see that by 15th of June such sanctions are obtained. Where a further examination shows that it is not possible to execute the work this year because land acquisition proceedings cannot be completed or for other reasons, or the work is not feasible, a clear and definite report should be made to the effect that these works although included in the Budget cannot be taken up. To the extent budget provision is released on this account, other sanctioned or priority works could be taken up if reappropriation is permissible.

5. In respect of the building programmes of the Department to be included in the annual Plan for 1960-61, the following special procedure may be followed from now onwards :—

(i) All non-Plan items under "81-Capital" are normally described and location clearly indicated. Even in respect of these non-Plan items, there may be a few, in whose cases, locations will have to be given. The administrative department will furnish a complete list to the Chief Engineer (General) by 1st November 1959, *i.e.*, the date by which the Budget Estimates of the Department are to be prepared. The Chief Engineer (General) will then forward the consolidated lists to Finance Department by November 21st.

(ii) In regard to Plan items, the administrative departments are requested to work out a list of buildings likely to be required in respect of the next year's Plan. In doing so they may assume an outlay roughly equal to that of the current year, but will have to provide within this amount both for completion of old works as well as for new works. In this connection, priorities should be fixed as detailed in sub-paras (*a*) under para 2.

(iii) The Administrative Departments will know their actual Plan provisions for the year by January 1960. The Secretary of the Administrative Department concerned will then inform the Chief Engineer (General) immediately the amount earmarked in the Plan of his Department/ Departments against '81, Capital'. Normally, this provision should be shown against specific buildings items, as the Administrative Department is expected to draw up its building programme from now onwards having regard to availability of land, etc. If however, there is some portion remaining to be earmarked to specific items, action should be taken to have the location and other details finalised on the lines of the instructions already given in the Official Memorandum dated 16th April 1959.

6. The receipt of this Circular may be acknowledged and a report furnished to Government by the end of June indicating the action taken to ensure that the terms of the Circular are conformed to,

N. S. BHARATH,
Budget Officer, and Ex-Officio
Deputy Secretary to Government,
Finance Department (Budget).

To—The Heads of Departments.
The Secretaries to Government.
The Divisional Commissioners.